



FREDDIE MAC CONFORMING FIXED GUIDELINES

Revised 4/26/2021

Overlays to Freddie Mac guidelines are underlined

FREDDIE MAC CONFORMING FIXED			
PURCHASE AND RATE TERM REFINANCE			
Occupancy	Units	FICO	LTV/CLTV
Primary Residence	1	620	95/95
	2	620	85/85
	3-4	620	80/80
Second Home	1	620	90/90
Investment Property	1	620	85/85
	2-4	620	75/75
CASH OUT REFINANCE			
Occupancy	Units	FICO	LTV/CLTV
Primary Residence	1	620	80/80
	2-4	620	75/75
Second Home	1	620	75/75
Investment Property	1	620	75/75
	2-4	620	70/70

Product Guidelines	
AUS	<ul style="list-style-type: none"> Loan Product Advisor (LPA) Feedback Certificate with risk class "Streamlined Accept" or "Accept" findings. <u>Manual Underwriting is not allowed.</u>
ATR/QM Rule	<ul style="list-style-type: none"> All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.

Age of Documents	<ul style="list-style-type: none"> • All credit documents must be dated within 120 days of the note date. • Preliminary Title Policies must be no more than 180 days old on the date the note is signed.
Appraisal	<ul style="list-style-type: none"> • Determined by LPA Findings. • Appraisal Waivers, through LPA, are acceptable. • Appraisal Condition Rating of C5/C6 or a Quality Rating of Q6 is not permitted. • Re-certification of value, in accordance with Freddie Mac guidelines, is acceptable. • Appraisal transfers are permitted in accordance with the Freddie Mac guidelines.
Assets/Reserves	<ul style="list-style-type: none"> • Asset documentation must comply with the requirements of LPA findings and Freddie Mac guidelines.
Borrower Eligibility	<ul style="list-style-type: none"> • All borrowers must have a social security number. • U.S. citizens • Permanent Resident Alien • Inter Vivos Revocable Trusts: Permitted; must meet all current Freddie Mac guidelines. • Non-Permanent Resident Aliens allowed with an acceptable Visa or evidence of a valid Employment Authorization Document (EAD). <ul style="list-style-type: none"> ○ Employment Authorization Document (EAD) <ul style="list-style-type: none"> ▪ A current (unexpired) EAD issued by USCIS may be provided in lieu of a visa. If the EAD will expire within one year, one of the following must be provided: <ul style="list-style-type: none"> • Documentation of one previous EAD renewal. • If there are no prior EAD renewals, documentation from the USCIS confirming the likelihood of renewal. ▪ All standards for determining stable monthly income, adequate credit history, and sufficient liquid assets must be applied in the same manner to each borrower including borrowers who are nonpermanent resident aliens.
Condominiums	<ul style="list-style-type: none"> • Must follow Freddie Mac published Condominium Eligibility Guidelines. • Streamlined Condo review allowed in accordance with Freddie Mac Guidelines, • Must meet CenterState Bank Agency Condo Guidelines.
Continuity of Obligation	<ul style="list-style-type: none"> • When an existing mortgage will be satisfied as a result of a refinance transaction, one of the following requirements must be met: <ul style="list-style-type: none"> ○ At least one borrower on the refinance mortgage was a borrower on the mortgage being refinanced; or ○ At least one borrower on the refinance mortgage held title to and resided in the mortgaged premises as a primary residence for the most recent 12 month period and the mortgage file contains documentation evidencing that the Borrower, either: <ul style="list-style-type: none"> ▪ Has been making timely mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; or ▪ Is a related person to a borrower on the mortgage being refinanced; or ○ At least one borrower on the refinance mortgage inherited or was legally awarded the mortgaged premises by a court in the case of divorce, separation or dissolution of a domestic partnership.

<p>Credit</p>	<ul style="list-style-type: none"> • Evaluated by LPA. • See LTV/CLTV grid for minimum FICO scores. • <u>A full tri-merge credit report is required for all borrowers on all transactions.</u> • <u>Each borrower must generate a traditional credit score from at least one repository.</u> • <u>Non-traditional credit not allowed.</u> • Any debt not reported on the credit report must be documented as being repaid in a satisfactory manner.
<p>Derogatory Credit</p>	<ul style="list-style-type: none"> • No specific waiting times with an LPA Accept. All derogatory events must be reflected on the credit report in order for the LPA accept to be valid. If derogatory event is not reflected on credit report, or is not accurate, the loan must be manually underwritten. CenterState Bank does not allow for manually underwritten Freddie Mac loans.
<p>Documentation</p>	<ul style="list-style-type: none"> • Determined by AUS • Freddie Mac Automated Income and Asset Assessment <ul style="list-style-type: none"> ○ Loans using FHLMC Automated Income and Asset assessment are acceptable. ○ The third party vendor report used in the LPA validation process must be provided.
<p>Down Payment Assistance</p>	<ul style="list-style-type: none"> • Down Payment Assistance programs must meet Freddie Mac requirements.
<p>Employment Income Verification</p>	<ul style="list-style-type: none"> • For salaried employees, the verbal verification of employment must be completed within 10 business days prior to the note date. • For self-employed borrowers, the verbal verification of employment must be completed within 30 days prior to the note date. • For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the note date is acceptable in lieu of a verbal verification of employment.
<p>Employment Offers or Contracts</p>	<ul style="list-style-type: none"> • See Freddie Mac Seller Guide 5303.2 for complete details. <ul style="list-style-type: none"> ○ Option One is acceptable. ○ <u>Option Two is not allowed.</u> • Purchase and No Cash Out Refinance only. • Primary Residence only. • Employment or increase must start no later than 90 days after the note date. • Income must be from new primary employment or a future salary increase with the current primary employer. • Non-fluctuating base pay only, employer may not be a family member or interested party. • Verify additional funds that meet or exceed the amount of the monthly housing expense plus other liabilities due between Note Date and start date of new employment/future increase plus one month. <ul style="list-style-type: none"> ○ Partial month is counted as one full month. ○ Required in addition to all other required funds. • Include the offer letter, or employment contract, or proof of salary increase from current employer in the file. <ul style="list-style-type: none"> ○ Must be fully executed and accepted by the borrower. ○ Must be non-contingent or provide evidence from the employer all contingencies have been cleared. ○ Must include the terms of employment including start date, and annual income based on non-fluctuating earnings. ○ Future salary increase only: Increase is fully approved and explicitly granted to the borrower. • Provide a 10-day pre-closing verification (PCV) verifying the terms of the employment offer letter, contract or future salary increase have not changed.

Escrow Accounts	<ul style="list-style-type: none"> • Escrow accounts are required if LTV > 80%, except where prohibited by state law. • Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner’s association or other group, no escrow is required.
Escrow Holdbacks	<ul style="list-style-type: none"> • Repairs or deferred maintenance items must be minor in nature and cannot affect the soundness and safety of the property. These items include but are not limited to the following: <ul style="list-style-type: none"> ○ <u>Carpet installation, hardwood floor installation or repair</u> ○ <u>Minor interior/exterior painting</u> ○ <u>Minor exterior/interior plumbing leaks</u> ○ <u>Replacement of window glass or screens</u> ○ <u>Repair of rotted exterior wood</u> • Ineligible Repairs <ul style="list-style-type: none"> ○ <u>Swimming pool completion or installation</u> ○ <u>Roofing, including active roof leaks. Shingle repair is acceptable.</u> ○ <u>Completion of partially finished addition or renovation.</u> ○ <u>Well/Septic Repairs</u> ○ <u>Mold Remediation</u> ○ <u>Extensive Plumbing or Electrical Repair</u> ○ <u>Termite Damage</u> ○ <u>Environmental Hazards</u> • Repair escrow may not exceed \$10,000 and is to be held by the title agent. • Contractor invoice estimating cost of repairs, start date and time frame of completion required prior to closing. Borrower will execute Escrow Agreement and 1.5x the cost of repairs will be held in escrow at closing. • Appraisal must be subject to repairs. • Lock must cover the repair period with maximum of one week after closing. • Final inspection showing completed work and final invoice from contractor required for disbursement of funds.
Financing Concessions	<ul style="list-style-type: none"> • Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> ○ 9% of value with LTV/CLTV ratios less than or equal to 75%. ○ 6% of value with LTV/CLTV ratios greater than 75% up to and including 90%. ○ 3% of value with LTV/CLTV ratios greater than 90%. • The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio. • Property Seller can pay up to 12 months future HOA dues per Freddie Mac's guidelines. Amount of HOA dues must meet IPC limits. See Freddie Mac 4204.3 for additional information.
High Cost	<ul style="list-style-type: none"> • Not Eligible

High Priced Mortgage Loans (HPML)	<ul style="list-style-type: none"> • Higher Priced Mortgage Loans (HPML) transactions are eligible when: <ul style="list-style-type: none"> ○ Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. ○ Must meet all applicable state and/or federal compliance requirements. ○ DU Approve/Eligible ○ Minimum 620 FICO ○ All federal and/or state HPML or nonprime loan requirements are met.
Maximum Number of Financed Properties	<ul style="list-style-type: none"> • Primary Residence: Unlimited • Second Home and Investment property: 10 properties • Minimum 720 credit score when the borrower owns 7-10 financed properties.
Maximum Loan Amount	<ul style="list-style-type: none"> • Conforming Loan Limit
Minimum Loan Amount	<ul style="list-style-type: none"> • \$50,000
Mortgage Insurance	<ul style="list-style-type: none"> • Standard Coverage Required • Eligible MI Types (subject to Fannie Mae guidelines): <ul style="list-style-type: none"> ○ Borrower Paid Monthly ○ Lender Paid Single Premium ○ Borrower Paid Single Premium ○ Financed MI – The gross LTV cannot exceed CSM’s program maximum. • <u>Reduced MI is not permitted</u>
Power of Attorney	<ul style="list-style-type: none"> • The use of Power of Attorney not permitted on cash-out transactions. • Power of Attorney must be approved by CenterState prior to closing.
Property, Eligible Types	<ul style="list-style-type: none"> • Single Family Detached • Single Family Attached • 2–4 Unit Attached/Detached • PUDs • Condominiums (must be Freddie Mac eligible) • Rural Properties (in accordance with agency Guidelines, properties must be residential in nature)
Property, Ineligible Types	<ul style="list-style-type: none"> • <u>Mobile Homes</u> • <u>Cooperatives</u> • <u>Condotels</u> • Hotel Condominiums • Timeshares • Working Farms and Ranches • <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u> • Unimproved Land • Property currently in litigation • Land Trust

Ratios	<ul style="list-style-type: none"> • Determined by LPA.
Recently Listed Properties	<ul style="list-style-type: none"> • <u>The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. Borrowers must confirm their intent to occupy the subject property (for principal residence transactions).</u>
Tax Transcripts	<ul style="list-style-type: none"> • A 4506-T is required to be signed at closing. • <u>Tax transcripts are required for all self-employed borrowers whose income is used to qualify. If only non-self-employed income is used to qualify, transcripts are not required.</u> • <u>If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing “No record of return filed” is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year.</u> • Mortgage Loans and/or Borrowers that do not require income documentation under the applicable Loan Program do not require IRS transcripts.